

## Message Text

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TO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: ECON, EGEN, UR, US

SUBJECT: BAYBAKOV REPORT ON THE TENTH FIVE YEAR PLAN

REF: MOSCOW 16947

1. COMPARISON BY BAYBAKOV OF US AND USSR NATIONAL INCOME LEVELS IS A TRANSPARENT PROPAGANDA EFFORT TO SUGGEST THAT THE USSR IS GAINING RAPIDLY ON THE US IN ECONOMIC OUTPUT. THE FACT IS THAT TOTAL USSR GNP IN 1975 IS ESTIMATED AT ONLY SLIGHTLY MORE THAN HALF U.S. GNP.

2. IN OUR VIEW, THE COMPARISONS MADE BY BAYBAKOV ARE SPECIOUS AND MEANINGLESS. THE FOLLOWING ARE SOME OF OUR REASONS FOR THIS JUDGMENT: FIRST, EXPRESSING SOVIET OUTPUT IN 1980 AS A SHARE OF US OUTPUT IN 1975 CONVEYS LITTLE AS TO RELATIVE OUTPUT SIZE AT SIMULTANEOUS POINTS IN TIME. SECOND, US AND SOVIET DEFINITIONS AND MEASURES OF OUTPUT CATEGORIES DIFFER. THIRD, THERE ARE SERIOUS, IF NOT INSOLUBLE, METHODOLOGICAL DIFFICULTIES IN TRANSLATING THE VALUE OF THE OUTPUT IN ONE COUNTRY INTO  
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WHAT THE VALUE OF THAT OUTPUT WOULD BE IN ANOTHER COUNTRY,

EVEN IF THERE WERE AGREED DEFINITIONS AND MEASURES.  
FOURTH, THE STRUCTURE OF THE TWO ECONOMIES IS SO DIFFER-  
ENT AS TO MAKE COMPARISONS OF INDIVIDUAL CATEGORIES OF  
OUTPUT VERY MISLEADING. FOR EXAMPLE, WHILE SOVIET  
INDUSTRIAL OUTPUT MIGHT BE A RELATIVELY HIGH SHARE OF U.S.  
INDUSTRIAL PRODUCTION, INDUSTRIAL PRODUCTION IN THE U.S.  
IS A RELATIVELY SMALL PROPORTION OF TOTAL GNP. IN THE  
ADVANCED U.S. ECONOMY SERVICES ACCOUNT FOR A FAR HIGHER  
SHARE OF OUTPUT THAN IN THE SOVIET ECONOMY. KISSINGER

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